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PP RUEHQU
DE RUEHPU #1960/01 2861546
ZNR UUUUU ZZH
P 131546Z OCT 06
FM AMEMBASSY PORT AU PRINCE
TO RUEHC/SECSTATE WASHDC PRIORITY 4306
INFO RUEHZH/HAITI COLLECTIVE PRIORITY
RUEHBR/AMEMBASSY BRASILIA PRIORITY 1256
RUEHSA/AMEMBASSY PRETORIA PRIORITY 1095
RUEHQU/AMCONSUL QUEBEC PRIORITY 0600
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY

UNCLAS SECTION 01 OF 02 PORT AU PRINCE 001960

SIPDIS

SENSITIVE
SIPDIS

STATE FOR WHA/CAR
WHA/EPSC FOR FAITH CORNEILLE, ED MARTINEZ
EB/IFD
STATE PASS TO USAID FOR LAC/CAR
TREASURY FOR JEFFERY LEVINE
COMMERCE FOR SCOTT SMITH

E.O. 12958: N/A
TAGS: [ENRG](#) [EPET](#) [ECON](#) [EAID](#) [HA](#)
SUBJECT: U.S. OIL INDUSTRY RESPONSE TO GOH PETROCARIBE
PROPOSAL

REF: PAP 1905

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(SBU) 1. Summary: Post met with representatives of the two U.S. oil companies operating in Haiti, ExxonMobil (operates as Esso) and Chevron (operates as Texaco), following President Rene Preval's September 27 announcement of GOH intentions to import 100 percent of Haiti's fuel demand from Petrocaribe (reftel). Though representatives of both companies were shocked by the announcement, ExxonMobil representatives expressed strong reservations, whereas Texaco representatives had a more passive response, stating that they would go along with it if the playing field was level for all of the oil companies in Haiti. Neither company has informed the government of their concerns with the proposal to supply all of Haiti's fuel through Petrocaribe. Post encouraged the two companies to do so. Despite the Ambassador's numerous attempts to discuss (and discourage) GOH intentions to move forward with the Petrocaribe agreement, the GOH insists the agreement, implemented in full, will result in a net gain for Haiti. GOH officials recognize their limited capacity -- to manage, import, supply, transport and distribute -- all of Haiti's fuel, but hope to implement the preferential payment plan while leaving the logistics to the private companies. End Summary.

(SBU) 2. Both companies were shocked by the government's intentions to import 100 percent of Haiti's fuel from Petrocaribe. ExxonMobil representatives speculated that perhaps Venezuela said that it could meet 100 percent of Haiti's fuel demand and that the GOH is simply exploring whether or not it could manage and control that much petroleum (about 11,000 barrels per day), despite its limited capacity. ExxonMobil and Chevron reps said that the GOH knows nothing about the supply side of petroleum, and that clearly a lack of information on the government's part motivated their most recent declaration. They argue that if the GOH understood what it took to supply petroleum to Haiti, it would know better than to disrupt the process and that if the GOH had any technical expertise it would not need to ask for the participation of the oil companies. Both companies also noted that President Preval does not want to discuss the details of the agreement and has remained ambiguous about his

intentions.

(SBU) 3. Chevron and ExxonMobil representatives have not openly expressed their reservations to the government. Following Preval's September 27 meeting with all four oil companies (ExxonMobil, Chevron, Total, and Dinasa), the oil industry association (Association des Professionnels du Pétrole -- APP) received an invitation to meet with representatives of the Venezuelan oil company who were in Haiti. All four companies refused to attend. Also, the companies received letters separately requesting information on importation and distribution from the GOH on October 9. So far, no one has responded.

(SBU) 4. The representatives also noted (in separate meetings) that a Cuban transport company, Transalba, will ship the petroleum from Venezuela to Haiti, and that as U.S. companies, they would not be allowed to work directly with the Cuban vessel. Also, they said that the first and only shipment of Petrocaribe fuel, which arrived May 14, would never have passed their inspections -- because of the type of ship and because it was uninsured. ExxonMobil also gave examples of the difficulties it would have with working with Petrocaribe due to Exxon's high standard of quality and necessary product inspections. (Note: ExxonMobil and Chevron are responsible for 45 percent of total fuel demand in Haiti, 12 percent and 33 percent respectively. Chevron is the sole supplier of the airline industry (they have a station right next to the airport), which accounts for about three percent of total demand. End note.)

(SBU) 5. Comment: Ambassador has discussed Petrocaribe with a number of GOH officials, including President Preval and his two closest advisors, Bob Manuel and Gabriel Verret. Though they usually agree with the Ambassador's numerous and valid points (from specific logistical complications to the larger

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negative message that this would send to the international community at a time when the GOH is trying to increase foreign investment), they argue that the economic benefits to Haiti are too good to miss. In fact, the President attributes the Ambassador's concern to the political impasse between the U.S. and Venezuela. It is clear that President Preval and his inner circle are seduced by the payment plan for Petrocaribe fuel (by which the government pays for 60 percent over a 90 day period and 40 percent over a period of 25 years at a one to two percent interest rate). The Embassy will continue to discuss Petrocaribe with GOH official and the industry representatives.

SANDERSON

=====CABLE ENDS=====